

100 South Jefferson Road  
Whippany, New Jersey 07981  
201/884-8160

Joanne Salvatore Bochis  
Associate General Counsel

RECEIVED

APR 14 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

April 14, 1993

Ms. Donna R. Searcy  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: Safeguards to Improve the  
Administration of the Interstate  
Access Tariff and Revenue  
Distribution Processes

CC Docket No. 93-6

Dear Ms. Searcy:

Enclosed herewith for filing with the Commission are the original and nine copies of the National Exchange Carrier Association, Inc.'s Comments in the above-captioned matter.

Please acknowledge receipt hereof by affixing a notation on the duplicate copy of this letter furnished herewith for such purposes and remitting same to bearer.

Very truly yours,

  
Joanne S. Bochis

JSB/bas  
Enclosures

No. of Copies rec'd  
List A B C D E

0+9

RECEIVED

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

APR 14 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of:

Safeguards to Improve the  
Administration of the Interstate  
Access Tariff and Revenue  
Distribution Processes

)  
)  
)  
)  
)  
)

CC Docket No. 93-6  
RM 7736

COMMENTS

April 14, 1993

National Exchange Carrier  
Association, Inc.  
100 South Jefferson Road  
Whippany, NJ 07981

## SUMMARY

NECA is submitting its Comments on the Commission's February 11, 1993, Notice of Proposed Rulemaking in CC Docket No. 93-6 concerning Safeguards to Improve the Administration of the Interstate Access Tariff and Revenue Distribution Processes. In its Comments, NECA describes its procedures for ensuring compliance with Commission rules by pool participants and its ongoing commitment to review and improve these procedures.

To provide a historical context for its Comments, NECA describes the Commission's objectives when it ordered NECA to be created as a private corporate entity to act as tariff filing agent for exchange carriers. NECA describes its diverse membership and how Board representation of the various companies has evolved in the Commission rules since NECA was created. NECA also shows that Commission rules compliance is of paramount importance and that this objective permeates all of NECA's procedures and corporate documents. Finally, NECA explains the importance of pool neutrality and why regulatory requirements should be no more stringent for the NECA pools than for non-pooling carriers.

NECA requests that two outside directors be added to the NECA Board on a permanent basis and that these two outside directors be elected annually for one-year terms. The current composition of the NECA Board with three Subset I, three Subset II, nine Subset III and two outside directors should remain the same. NECA agrees that outside directors should have voting membership on all NECA Board committees and that non-pooling directors should serve on the Common Line and Traffic Sensitive Committees. The Commission

should revise its rules to include NECA's recommended outside director eligibility requirements with one minor modification. Since NECA has changed its By-laws, it is unnecessary for the Commission to consider further procedures regarding subcommittees of the Board. The current NECA incentive compensation plan comports with the independent auditor's recommendation and, therefore, submission of the plan should not be required by the Commission.

Since the Safeguards Report was issued, NECA has made substantial improvements in its cost study review and validation procedures. NECA's Cost Analysis Program comprises Cost Study Validation, Forecast, Pooling and Settlements and Cost Issues Resolution processes. These interrelated programs assure that NECA pooling data is monitored on a routine basis for compliance with Commission rules.

The Commission should not require NECA to provide on-line access to its computer data bases. Such access does not appear to be necessary, since NECA already provides detailed data to the Commission on diskette. Requiring on-line access would impose substantial administrative and monitoring burdens on NECA in excess of those imposed on any other carrier, and would discourage exchange carriers from participating in the NECA pools.

## TABLE OF CONTENTS

SUMMARY . . . . .	i
I. BACKGROUND . . . . .	2
A. NPRM . . . . .	2
B. NECA . . . . .	3
1. NECA Is a Tariff Filing Agent, a Member Association and a Private Corporation . . . . .	3
2. NECA Pool Neutrality is Key . . . . .	5
3. NECA Board Composition Must Represent Its Members. . . . .	6
4. NECA Compliance with Commission Rules is Paramount. . . . .	8
II. DISCUSSION . . . . .	9
A. NECA'S Board . . . . .	9
1. Inclusion of Two Outside Directors on NECA's Board and Keeping the Current Board Composition and Number of Board Members the Same Are in the Public Interest. . . . .	9
2. The Commission Should Adopt NECA's Proposed Eligibility Criteria for Outside Directors. . . . .	13
3. Selection of Outside Directors Should Be Conducted by NECA as Proposed and Outside Directors Should Be Elected Annually. . . . .	15
4. Outside Directors Should Be Eligible for Voting Membership On All NECA Board Committees and Non-Pooling Directors Should Be Allowed to Be Voting Members on the Pooling Committees. . . . .	17
5. NECA has Amended its By-laws to Require Formal Creation and Reporting Requirements for Subcommittees of Board Committees. . . . .	19

B.	NECA'S RESPONSIBILITIES UNDER COMMISSION RULES . . .	19
1.	Commission Rule Compliance . . . . .	19
a.	NECA Continually Strives to Improve Its Procedures for Monitoring Pool Reports For Compliance With Commission Rules. . .	20
b.	NECA has Substantially Improved Its Cost Issues Resolution Process Since the Safeguards Report Was Issued. . . . .	21
2.	On-line Access To NECA Data Bases . . . . .	25
C.	STRENGTHENING NECA'S INTERNAL PROCEDURES . . . . .	27

RECEIVED

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

APR 14 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of: )  
 )  
Safeguards to Improve the ) CC Docket No. 93-6  
Administration of the Interstate ) RM 7736  
Access Tariff and Revenue )  
Distribution Processes )

COMMENTS

The National Exchange Carrier Association, Inc. (NECA) is submitting these Comments in response to the Commission's February 11, 1993 NPRM in the above-captioned proceeding.<sup>1</sup> In this NPRM, the Commission proposes measures to improve the interstate access tariff and revenue distribution processes administered by NECA. NECA demonstrates in these Comments that its procedures ensure compliance with Commission rules by all pool participants and that it has continuously sought ways to improve these safeguards. Since the Commission's audit and the safeguards review by an independent auditor, NECA has taken steps to enhance its processes wherever possible.

In these Comments, NECA supports a number of the proposed rule changes. For a few of the NPRM proposals, NECA believes other means can better accomplish the Commission's purpose. NECA will maintain its commitment to review procedures on an ongoing basis to ensure pool reporting and all other phases of NECA operations are

---

<sup>1</sup> Safeguards to Improve the Administration of the Interstate Access Tariff and Revenue Distribution Processes, Notice of Proposed Rulemaking, CC Docket No. 93-6, FCC 93-25, released February 11, 1993 (NPRM).

in compliance with Commission rules.

**I. BACKGROUND**

1. **WPPM**



increase NECA and EC accountability to the Commission and strengthen NECA's internal operations. These proposals are summarized in Section II of these Comments.

**B. NECA**

The NPRM proposes additional measures to improve NECA's administration of its interstate access tariff and revenue distribution processes. NECA believes background information regarding its creation and evolution set forth the proper context for evaluating its responses to the NPRM.

1. NECA Is a Tariff Filing Agent, a Member Association and a Private Corporation.

NECA is a unique entity because it was created by order of the Commission as a member association subject to specific Commission rules<sup>4</sup> and, at the same time, it is a private not-for-profit Delaware corporation.<sup>5</sup> In 1983, when the Commission ordered that NECA be created, it stated that it was exercising its Section 203(b)(2) power to modify the requirements of Section 203 by creating a new entity to perform functions that Section 203(a) assigned to AT&T.<sup>6</sup> NECA was established to replace AT&T as a tariff filing agent.<sup>7</sup> The Commission explicitly stated that it was not delegating its own regulatory functions to the association.

---

<sup>4</sup> See 47 C.F.R. §§ 69.601-612.

<sup>5</sup> NECA was incorporated in Delaware on October 10, 1983.

<sup>6</sup> MTS and WATS Market Structure, Third Report and Order, CC Docket No. 78-72, Phase I, 93 FCC 2d 241 (1983) (Third Report and Order) at ¶ 343.

<sup>7</sup> Id. at ¶ 340.

The FCC went on to state that the "preparation of tariffs and the administration of revenue pools is not a governmental function."<sup>8</sup> The Commission later confirmed on reconsideration that NECA was not given any delegation of Commission authority:

The association will not be performing any adjudicatory or other governmental functions; it will be preparing tariffs as an agent for the carriers that offer the tariffed services. The association tariffs will be reviewed by the Commission under the same panoply of procedural and substantive rules that apply to a tariff filed by an individual carrier.<sup>9</sup>

Concerned with the appearance of a conflict of interest, the Commission also decided that it was inadvisable to include a Commission representative on NECA's Board since the Commission would be obligated to review NECA's tariffs.<sup>10</sup> Because of the safeguards contained in Sections 203, 207, 208 and 209 of the Communications Act,<sup>11</sup> the Commission also declined to accept suggestions that state commissioners, interexchange carrier representatives or consumer advocates be allowed to sit on NECA's

---

<sup>8</sup> Id. at ¶ 343.

<sup>9</sup> MTS and WATS Market Structure, Order, CC Docket No. 78-72 Phase I, 97 FCC 2d 682 (1983) (Access Order Reconsideration) at ¶ 180.

<sup>10</sup> Third Report and Order at ¶ 345.

<sup>11</sup> The FCC stated that these Communications Act sections related to tariff filing, recovery of damages, complaints process, and orders for payment of money would provide adequate safeguards to protect the interests of these groups in the fair, evenhanded implementation of the access charge plan. See, MTS and WATS Market Structure, Fourth Supplemental Notice of Inquiry and Proposed Rulemaking, CC Docket No. 78-72, Phase I, 90 FCC 2d 135, 150 (1982).

Board.<sup>12</sup> In addition, the Commission expressly refused to become involved in corporate staffing and contracting functions that are the province of private corporations.<sup>13</sup>

2. NECA Pool Neutrality is Key.

NECA, as tariff filing agent, was formed, in part, to reduce administrative burdens on the Commission and ECs with respect to federal tariffs and revenue distribution. Numerous proceedings before the Commission have stressed the need for pool neutrality, i.e., that Commission rules do not advantage or disadvantage ECs that wish to participate in the NECA pools.<sup>14</sup> The Commission has recognized that the functions NECA performs are key to the success of its access charge plan.<sup>15</sup> NECA's unique expertise and ability to provide data, analysis and perspectives on national

---

<sup>12</sup> Id.

<sup>13</sup> In its Order creating NECA, the Commission stated: "We do not plan to adopt rules that would restrict the association's discretion in acquiring staff or borrowing staff from its members or contracting with accounting firms, banks or others to perform some of the association's tasks. . . . We do not believe, and have never believed, that it would be necessary or desirable for this Commission to prescribe the staffing arrangements the association would be required to adopt." Id. at ¶ 347. The Commission reiterated its position on the governance of NECA's corporate functions in Amendment and Clarification of Part 69 Rules Governing the National Exchange Carrier Association, Memorandum Opinion and Order and Notice of Proposed Rulemaking, CC Docket No. 87-2, 2 FCC Rcd 381 (1987) at ¶ 25 (NECA Clarification Order).

<sup>14</sup> See Regulation of Small Telephone Companies, Notice of Proposed Rulemaking, CC Docket No. 86-467, 2 FCC Rcd 1206 (1986) at ¶ 4 and Order, 2 FCC Rcd 3811 (1987) at ¶ 7. See also, NTS Recovery, Order 2 FCC Rcd 2953 (1987) and Order on Reconsideration, 3 FCC Rcd 4543 (1988).

telecommunications policy issues that affect the EC and interexchange carrier industries have also been acknowledged.<sup>16</sup>

ECs that choose to participate in the pools must not be treated differently than carriers choosing to file their own tariffs with the Commission. If ECs are subject to more stringent data and reporting requirements solely because they participate in the NECA tariff and revenue distribution process, it may cause them to leave the pools. The perceived administrative and financial advantages of pooling (i.e. task and risk sharing) may be overcome by the added requirements. Pool neutrality is essential to the successful operation of NECA programs and the Commission should not make special requirements for pool ECs that do not apply to non-pool ECs. More extensive reporting requirements would also contradict the trend in recent years of reducing regulatory burdens on small ECs.<sup>17</sup> In the NPRM, the Commission has stated that it is looking for ways to "remove obstacles to the introduction of incentives for increased efficiency into the NECA pools."<sup>18</sup>

3. NECA Board Composition Must Represent Its Members.

Mindful that diverse EC interests must be balanced through

---

<sup>16</sup> NECA Clarification Order at ¶ 8.

<sup>17</sup> The Price Caps (CC Docket No. 87-313), Regulatory Reform (CC Docket No. 92-135) and Rate of Return (CC Docket No. 92-133) proceedings are good examples of these trends.

<sup>18</sup> NPRM at ¶ 30. NECA agrees that its pools should be given the opportunity to develop an optional incentive plan. See Comments in the Regulatory Reform Proceeding filed August 28, 1992 (Regulatory Reform for Local Exchange Carriers Subject to Rate of Return Regulation, Notice of Proposed Rulemaking, CC Docket No. 92-135, 7 FCC Rcd 5023, 5030 (1992)).

NECA Board representation, the Commission has issued a series of Board composition orders.<sup>19</sup> NECA Board composition originally consisted of a greater number of large company representatives. As the large ECs began filing their own tariffs, this number was gradually reduced to reflect the interests of small companies who were more directly affected by the pools' performance.<sup>20</sup> The

---

<sup>19</sup> From 1984 through 1991, the NECA Board was composed solely of telephone company representatives. The total number of directors and the specific number of directors representing each subset has been adjusted by the Commission to balance the interests of NECA subset companies. See, MTS and WATS Market Structure, CC Docket No. 78-72, Phase 1, Supplemental Order, 94 FCC 2d 852 (1983); MTS and WATS Market Structure, CC Docket No. 78-72, Phase I: NECA Board of Directors, Order Denying Requests for Waiver and Granting Waiver, Mimeo No. 6949 (released Sept. 12, 1985); MTS and WATS Market Structure, CC Docket No. 78-72, Phase 1: NECA Board of Directors, Order Granting Waiver, Mimeo No. 5377 (released June 27, 1986); MTS and WATS Market Structure, CC Docket No. 78-72, Phase I: NECA Board of Directors, Order Granting Waiver, 2 FCC Rcd 4702 (1987); MTS and WATS Market Structure, CC Docket No. 78-72, Phase 1: NECA Board of Directors, Order Granting Waiver, 3 FCC Rcd 4603 (1988); MTS and WATS Structure, CC Docket No. 78-72, Phase I: NECA Board of Directors, Order, 3 FCC Rcd 5118 (1988); and MTS and WATS Market Structure, CC Docket No. 78-72, Phase I: NECA Board of Directors, Order, 4 FCC Rcd 4449 (1989). "Because of the varying interests of NECA's members in NECA's activities, the Common Carrier Bureau has granted waivers of Sections 69.602(d)-(e) of our rules to permit a NECA Board structure that was more representative of the member companies." (note omitted) Id.

<sup>20</sup> MTS and WATS Market Structure, Supplemental Order, CC Docket No. 78-72, Phase I 94 FCC 2d 852 (1983) at ¶ 5. Section 69.602 of the Commission's rules (47 C.F.R. § 69.602) provides the following definitions of member Subsets: Subset I consists of all the Bell Operating Companies other than Cincinnati Bell, Inc. and

Commission recognized that:

[W]hile in 1984 and 1985, the larger companies will rely upon the mandatory revenue pool to recover a substantial part of their non-traffic sensitive costs, over time because the share they will recover through the pool will drop significantly, their relative interest in the association's tariffing activities will diminish in comparison to the interests of smaller companies generally, and those with high costs particularly.<sup>21</sup>

In its 1985 Board Composition Order, the Commission recognized the need to take into account "the diverse requirements" of Subset III ECs of differing sizes that operate under conditions of varying climate, terrain, and population density.<sup>22</sup> Since 1986, Subset III directors, representing companies that have less than forty million dollars in revenues, have constituted a majority of the NECA Board of Directors.<sup>23</sup> This balance has been important to NECA members because the small companies are the most dependent on the NECA processes.

4. NECA Compliance with Commission Rules is Paramount.

Every NECA staff member is made aware of NECA's obligations under the Commission rules from the day she or he begins the job.

---

<sup>21</sup> Id. at ¶ 6.

<sup>22</sup> Order Denying Requests for Waiver and Granting Waiver at ¶ 5, see note 19 supra.

<sup>23</sup> Id. at ¶ 6. NECA Board Composition has been as follows:

	SSI	SSII	SSIII	
1984-1985	5	3	7	
1986-1988	5	4	9	1/NV*
1989-1991	3	3	9	
1992-1993	3	3	9	2/OD**

\* Non-voting Observer Subset III director

\*\* Outside Director

Correspondence, procedures and manuals directed to member companies are designed to advance the objective of rule compliance in pool reporting. As will be demonstrated time and time again in these comments, Commission rules compliance permeates all of NECA's actions, documents and procedures. Compliance with Commission rules is a contract provision in the NECA/EC Revenue Distribution Agreements. Rules compliance is referenced and emphasized in NECA's Mission Statement, Vision Strategies, Ethics Policy, Cost and Average Schedule Pooling Procedures, Universal Service Fund Procedures, Cost Issues Manual, EC and NECA Staff Training materials, EC Data Requests and Data Checks, Employee Orientation materials (including the Proprietary Non-disclosure Agreement that each employee signs), Compensation Plans and in numerous other NECA documents, procedures and correspondence. Each NECA staff member signs an ethics policy acknowledgement which requires adherence to Commission rules and any violation can result in disciplinary action including dismissal.

## **II. DISCUSSION**

NECA's responses to the NPRM issues are provided below in the same sequence as the NPRM.

### **A. NECA'S Board**

1. Inclusion of Two Outside Directors on NECA's Board and Keeping the Current Board Composition and Number of Board Members the Same Are in the Public Interest.

In the NPRM, the Commission tentatively concluded that it should amend its rules to include at least two outside directors on

the NECA Board on a permanent basis.<sup>24</sup> In addition, the Commission is requesting comment on how many outside directors should be included on NECA's Board and whether the overall composition of the Board should change.<sup>25</sup>



The addition of two outside directors has proven to be beneficial to NECA. The current outside directors, who are serving second terms, are former state regulators with substantial business and regulatory experience. While a certain amount of orientation time was needed for them to become familiar with NECA processes and applicable Commission rules, they have provided a valuable non-industry perspective to the Board decisionmaking process.

The two outside directors are fully integrated into Board and Committee activities.<sup>28</sup> One outside director is Chairperson of a Board committee. Two outside directors have served NECA well. In addition, NARUC supports having two outside directors serve on the NECA Board.<sup>29</sup>

As stated above, a delicate balance of EC interests exists on the NECA Board. The board's composition has been finely tuned over the last nine years. The current seventeen member board is composed of three Subset I, three Subset II, nine Subset III and two outside directors. This structure assures fair representation

---

(1992) (1992 Waiver Order).

<sup>28</sup> Frequently an outside director not serving on a given committee will voluntarily attend the committee meeting to keep apprised of its functions. Board committee meetings are usually scheduled sequentially so that it is possible for outside directors to attend all meetings.

<sup>29</sup> See NARUC Resolution on NECA Administration and Expansion of Board of Directors (NARUC Bulletin No. 48-1992, November 30, 1992) which resolved that the National Association of Regulatory Utility Commissioners (NARUC) convened at its 104th Annual Convention in Los Angeles, California, directs the NARUC General Counsel to request that the FCC grant NECA's request for rulemaking to make the addition of two outside directors permanent (Convention Resolution No.8).

of NECA members and provides the benefit of outside opinions. Three Subset I directors represent the seven Regional Bell Operating Companies. While these companies do not participate directly in the NECA pools, they are responsible for paying Long Term Support to the NECA pools and they do participate in the Universal Service Fund (USF) and Lifeline Assistance (LA) Programs.<sup>30</sup> The three Subset II directors represent 22 companies. These directors may have different perspectives because, in most cases, they represent mid-sized companies and holding companies for a number of smaller telephone companies that can be scattered

population of telephone companies.

The NECA Board performs an important education function, as well, that is not usually required of public company boards. NECA Board members participate in various industry forums on the local, state, regional and national levels to keep the NECA member companies, serving over 1400 study areas located in all fifty states and two commonwealths, informed of important NECA matters that affect them. Because of the number of Board members, their geographical diversity, and their participation in industry forums, NECA members are able to communicate their ideas on a regular basis to the Board. All of those efforts contribute to informed and efficient participation by member companies in NECA programs.

NECA requests that the Commission revise Section 69.602 of its rules to include two outside directors on the NECA Board on a permanent basis, keep the composition of the NECA Board as it is today, and maintain the number of NECA Board members at seventeen.

2. The Commission Should Adopt NECA's Proposed Eligibility Criteria for Outside Directors.

The Commission has proposed that NECA's eligibility criteria for outside directors be adopted.<sup>31</sup> These eligibility criteria are:

Current or former officers or employees of NECA or any of its members, and anyone related to such persons, are ineligible for outside directorships.

Outside directors may not have business relationships or other interests that could interfere with their judgment.

NECA's eligibility criteria for outside directors exclude former officers and employees of NECA and its member ECs. The Commission

---

<sup>31</sup> NPRM at ¶ 14.

points out that NECA's criteria would permit the selection of candidates for outside director from the business, professional, financial and academic communities, including former government officials. It further observes that this criteria would allow for a sufficient pool of candidates.<sup>32</sup>

3. Selection of Outside Directors Should Be Conducted by NECA as Proposed and Outside Directors Should Be Elected Annually.

directorships on a three-year term basis.<sup>36</sup> Subset III companies have an open nomination process whereby any qualified Subset III representative may appear on NECA's annual ballot if she or he has presented a petition with twenty-five authorized signatures. Incumbents are given the option to run again.

This process produces a desirable mix of continuity and turnover among Subset III directors, as evidenced by the fact that the nine current Subset III directors have served an average of three years and ten months. This current system of selection, nomination and election for Subset I, II and III Directors on an annual basis has naturally produced the results that the Commission deems important.

Based on this history, NECA recommends that the outside directors be elected on an annual basis. Once an outside director is elected, she or he would be encouraged to run for one or two more years uncontested to ensure continuity of experience on the NECA Board. Elections with multiple candidates would be held periodically and in any year in which an incumbent outside director chooses not to run for re-election.

NECA has had a positive experience with annual elections and values the annual endorsement by the members. NECA has purposely set the standards for outside director eligibility quite high so that the independence and ability of the outside director is unquestioned. These high standards may make it difficult to find

---

<sup>36</sup> Although these terms are not officially staggered, there has been sufficient turnover so that no more than two of the Subset I or II directors have left the Board in the same year.

multiple qualified candidates each year, if staggered terms were required. Since most public corporate board elections are uncontested, it is very unusual to require professionals qualified to be on a Board to run on an annual basis against multiple candidates and to campaign to 968 voters with a very good possibility of losing the election. This unique set of circumstances would present difficulties in obtaining qualified outside director candidates on an annual basis.

NECA's recommendation of annual outside director elections, with the ability to hold periodic contested elections, eliminates the need for developing slates of multiple candidates each year and provides flexibility for unforeseen vacancies. Current nomination and election criteria for the subset directors make two-year staggered terms and multiple candidates unnecessary.

4. Outside Directors Should Be Eligible for Voting Membership On All NECA Board Committees and Non-Pooling Directors Should Be Allowed to Be Voting Members on the Pooling Committees.

NECA responded to the Safeguards Report's recommendation that outside directors and non-pooling EC directors be allowed to participate in the Common Line and Traffic Sensitive Board Committees. Because membership in these committees is restricted to pool participants by Section 69.602(e) of the Commission's rules, NECA filed a petition for waiver on December 20, 1991.<sup>37</sup> The Commission granted this waiver in part, permitting the outside

---

<sup>37</sup> See National Exchange Carrier Association Petition for Waiver of Section 69.602(e) of the Commission's Rules regarding Board of Directors, filed December 20, 1991 (NECA Voting Membership Petition).

directors to serve on the pooling committees, and deferring a decision on the non-pooling directors to this rulemaking proceeding.<sup>38</sup> In the NPRM, the Commission now proposes that each Board committee should contain at least one outside director and



5. NECA has Amended its By-laws to Require Formal Creation and Reporting Requirements for Subcommittees of Board Committees.

The Commission invites comment on its proposal that all NECA subcommittees be appointed by committee resolution, keep formal minutes and report all actions to the full committee.<sup>42</sup> On March 11, 1993, the NECA Board revised its By-laws to explicitly require that subcommittees of Board committees be created formally through committee resolutions. The By-laws changes explicitly require subcommittees to keep minutes and report all subcommittee activities to the committee that created it.

**B. NECA'S RESPONSIBILITIES UNDER COMMISSION RULES**

1. Commission Rule Compliance.

Section IV of the NPRM discusses NECA's responsibility to assure that pool distributions are made in accordance with Commission rules. The Commission states that it expects NECA "to make reasonable efforts to interpret [Commission] rules correctly and to implement those interpretations."<sup>43</sup> Where NECA finds that EC data does not comply with the rules, the Commission stated that it expects NECA to correct the data in its revenue requirement and revenue distribution computations. The NPRM requests comment on "how these procedures should evolve."<sup>44</sup>

---

<sup>42</sup> NPRM at ¶ 24.

<sup>43</sup> Id. at ¶ 26.

<sup>44</sup> Id.